

1 DEPARTMENT OF HUMAN RESOURCES
2 OFFICE OF PERSONNEL MANAGEMENT
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5 HUMAN RESOURCES :
6 SOLICITATION CONFERENCE :
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9 A hearing in the above-entitled matter was held on
10 Friday, June 15, 2007, commencing at 9:09 a.m. in the Office
11 of Personnel Management, Campbell Auditorium, 1900 E Street,
12 N.W., Washington, D.C. before:
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15 JOE CAMPBELL

16 Office of Personnel Management
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APPEARANCES

PANEL MEMBERS:

PAGE

BOB STREETER

5, 50

NORM ENGER

8

JEFF KOCH

39

ALSO PRESENT:

LIZ MOUNTANIER

58

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MR. CAMPBELL: Good morning, and welcome to the Office of Human Resources line of business, pre-proposal conference. I'm Joe Campbell, the coordinator for the Human Resources line of business here at the Office of Personnel Management.

I'd like to introduce the members of the panel today that will be participating in the conference. Immediately to my left is Norm Enger. He's the director of the Human Resources line of business here at the Office of Personnel Management.

To his left is Jeff Cook, who is the internal efficiency and effectiveness portfolio manager at the Office of Government and Information Technology and the Office of Management and Budget.

And to my right is Bob Streeter, who is the director of Administrative Services and Office Supply Acquisition Center, New York City, at the General Services Administration.

This morning, we'll be presenting the history and background of the Human Resources line of business, an update on the lines of business and the competition framework, information on the solicitation and the selection process, requirements, self-evaluation, and operational capability demonstrations.

1 This will be followed by a break and we will then
2 conclude with responses to written questions. And we do
3 have a hard break at 11:30, so we do need to be out of the
4 auditorium by 11:30.

5 Before we begin, I'd like to provide you with some
6 administrative information. As you may have noticed, we
7 have increased security here in the building. And you are
8 asked to display the badges you got when you entered the
9 building at all times. They need to be visible.

10 Your access is restricted to this ground floor
11 only. You are free to move between the auditorium, the rest
12 rooms, and the cafeteria. The cafeteria is out to the right
13 and across the building. It will be open at the break if
14 you would like to go have some refreshments.

15 Please do not move to other parts of the building.
16 The rest rooms are located to the left before you turned
17 into the room. There is also another set of rest rooms here
18 through the door in the men's and women's locker rooms.

19 You may leave the building during the break. You
20 will need to exit through the doors immediately adjacent to
21 the building where you may have come in, and then you also
22 need to re-enter through those same doors.

23 When you signed in at the registration desk, you
24 were given an agenda and some index cards. The index cards
25 are to record any questions that you may have identified

1 during the presentations. Please deposit those cards in the
2 boxes that are in the back of the auditorium, and they will
3 be looked at during the break and then we'll be answering
4 some of them during the next session.

5 So I will now turn it over to Bob Streeter who
6 would like to make some administrative remarks as well. Can
7 you hear us now? No, it's still not working.

8 (Discussion off the record.)

9 MR. STREETER: Okay. Good morning. I'm Bob
10 Streeter with GSA, as Joe mentioned. First of all, I want
11 to thank Joe and the folks at OPM. It's been a pleasure
12 working with their group in recent months on the HR line of
13 business initiative. And I'd expand that to include the HR
14 community in general that I've been working with, and will
15 continue to work with in the evaluation of proposals. A
16 part of that, as I'm sure you are all aware, is technical
17 evaluation. And we do have a technical evaluation panel
18 that has representatives from a good many agencies.

19 It's been over a year since we had a preliminary
20 meeting in New York City on--I don't believe we were even at
21 the point of describing it as HR line of business.
22 Actually, I was reminded this morning that in fact it was on
23 August 24th, 2006. I hope not everything was remembered as
24 clearly as that, or we're going to have to be very careful
25 what we say.

1 But at that meeting, GSA, at least, was still kind
2 of floundering about in approaching the HR initiative. We
3 were talking along the lines of PEOs back then. Also, we
4 hadn't hooked up yet with the key players in the initiative:
5 namely OPM, with OMB in a facilitating role.

6 We have been meeting regularly since fall of 2006,
7 and those meetings resulted in an MOU between GSA and OPM,
8 which I believe many of you have seen.

9 I know that in these recent months I've learned
10 much more of the discipline of HR, the apparatus, and
11 frankly the business practices and the many rules that lie
12 behind all the SF-50's, that, as federal employees, we see
13 over the years.

14 I want to talk a little bit more about the card
15 procedure that we want to follow today, the questions. I'd
16 like to ask anyone submitting a question to include on that
17 card their name and a means of contacting them, their phone
18 number or email. That's in the event that we are unable to
19 answer the question today, if we need clarification, so we
20 can contact you, clarify the question, and then we will
21 respond on FedBizOpps in a written manner. Naturally we will
22 not identify you at that point as all those questions are
23 posted in an anonymous manner.

24 Okay, as you see in addition to an interpreter
25 today, we have a transcriber of the event. We will be

1 making available a transcription on FedBizOpps in probably a
2 week or so.

3 This will not be a transcription in the sense that
4 I've seen in the past, for example of a deposition. There
5 will be an editing process.

6 We're going to try to have complete sentences.
7 We're going to delete "duhs" and "errrs" and we'll all come
8 out sparkling, hopefully. Also, we may clarify a few
9 matters that are left unclear here.

10 I want to acknowledge here a GSA group that has
11 accompanied me, and I will introduce them individually.
12 They can stand. First, Bob Woodside, who is the branch
13 chief of the branch in our office that handles the HR
14 schedule as well as the training and publications schedules.
15 Then his team leader, Tony Zaza, a contracting officer.
16 And finally, Bjorn Miller, who is a contract specialist in
17 our office dealing with HR line of business.

18 We will, despite the firm conclusion at 11:30,
19 we'll remain around for another half hour or so to chat with
20 anyone who has something they would like to discuss. If, by
21 any chance we say something of value in that process, we
22 will reduce it into writing, and have that as a Q and A, so
23 everyone can share in the process.

24 MR. CAMPBELL: Thank you, Bob. Norm Enger will
25 now provide us with a history and background on the human

1 resources line of business. And I've been assured that this
2 microphone is working, so we'll try it now.

3 MR. ENGER: Can you hear me? Okay. That's great.
4 Let me give some background on the HR line of business. You
5 probably all know that e-gov really started back in 2001-
6 2002 when we had 24 legal initiatives. And we had some very
7 great success with the phase one, if you will, of e-gov
8 initiatives.

9 We at OPM had five initiatives. Some were very
10 successful. For example USA Jobs, we put up a new website,
11 and in that line in 2003 we developed a new system for
12 security clearances, and a clearance verification system.

13 But one stands out that is very relevant to this
14 HR line of business, and that's e-payroll. When I joined
15 the government—I came from the private sector by the way--in
16 2002, there were 26 agencies paying the 1.8 million federal
17 employees. And the question on the table was, why do you
18 have 26 payroll centers? Why can't you become more
19 efficient and standardize and consolidate the civilian
20 payroll processing.

21 Well, in the course of time, we have been able to
22 accomplish that consolidation under e-payroll to the point
23 now where next year we will have finished that
24 consolidation. We will have gone from 26 down to four
25 payroll centers in a relatively short space of time.

1 And in the federal sector, to move forward that
2 rapidly, to drop from 26 to 4, and also to standardize in
3 the process how you do payroll, is a major accomplishment.
4 But I think e-payroll and our success in a very sensitive
5 activity is major, paying people with no glitches. I think
6 that was the inspiration, to some extent, for the other
7 lines of business.

8 So in March of 2005, OMB had a conference. Clay
9 Johnson was there, and Karen Evans and myself. And they
10 announced five lines of business. Of the five, one was the
11 HR line of business. Another was the financial line of
12 business, grants, case management, and public health
13 architecture.

14 The two that are most similar are the HR line of
15 business and financial. Payroll is both a financial system
16 and a personnel system. So we have a lot of commonality
17 with the financial line of business.

18 With the lines of business, the earlier
19 initiatives were really dealing with what I call point
20 solutions. For example, take USA jobs, where we built a
21 quality, first-class site where a person goes and locates
22 and applies for a federal job.

23 That was very successful, and we really changed
24 that process. That was only one piece of the hiring
25 process. The entire process also involves assessing the

1 application and the whole hiring of the person.

2 So with the lines of business, OMB was looking at
3 a much larger scope saying, let's not just look at point
4 solutions. Let's look at entire areas, for example, there
5 is something called the federal enterprise market venture.
6 And really what that does, it looks at the government as one
7 business. And it says, what would the government do if it
8 was one corporation or one business?

9 And looking at it that way, you can see that this
10 is what the government does in HR, financial, and so on.
11 And the idea behind the lines of business was to not just
12 look at point solutions, but look at the entire line, all
13 the things in federal HR, and move forward with
14 improvements.

15 So this phase II is much broader in scope than the
16 earlier phase, because it's looking at a much broader
17 domain, an entire business area, an entire business process.

18 So what happened in March of 2004, we started the
19 lines of business, and we became the managing partner for
20 the HR line of business. And the first thing we did was
21 convene a task force of 24 agencies. This has cut across
22 the entire government, both DOD and the civilian sector.

23 Along with OMB, we were the co-chairs of that task
24 force. And we asked the task force to define the vision and
25 goals for HR in the federal sector. And the task force

1 eventually, after much discussion, put forth the vision.
2 And the vision really is to move to more modern solutions,
3 to systems that support the HR professionals in the federal
4 sector, in order to let them do a better job of managing the
5 federal work force.

6 And they defined this broad vision and the goals:
7 better information systems, and to be able to get more
8 accurate information, more timely information in order to
9 properly manage the federal work force--also, of course, to
10 have cost-saving efficiencies. So there are many, many sub-
11 benefits when you achieve the overall vision.

12 Then we described in a very broad way what we do
13 in federal HR. And what we did is we then issued a request
14 for information to the private sector. This happened in
15 approximately April/May of 2004.

16 We asked responders to be creative and innovative
17 and tell us how you think that we can do a better job in
18 managing HR in the federal sector.

19 We got back 43 responses. And this covered the
20 gamut from large, integrated firms, small firms, and a
21 couple of federal agencies also replied to this RFI. We got
22 a lot of very good, very diverse, information back.

23 Then we formed three work groups. One work group
24 was to develop a business case to support the HR line of
25 business. And that was due for delivery to OMB in September

1 of 2004. That was the seminal document which would lead to
2 the funding and support from OMB for the HR line of
3 business.

4 A second group was assigned to work on the federal
5 enterprise architecture. Their job was to do as much as
6 possible to document the solution within the completed
7 framework of the FEA. And by the way, there were five
8 pieces to the FEA, and I'll talk some more about that.

9 And the third group was assigned to develop a
10 concept of operations. Whatever the solution is, tell us
11 how it is really going to work in the real world? How do
12 you actually implement whatever the solution is that you
13 come up with by September of 2004?

14 So we have these three work groups. And let me
15 add that in all of the work that we've done with the HR line
16 of business, we've had extensive agency participation, DOD
17 and civilian sector. We at OPM are involved, but it's
18 really an agency-driven issue. There's tremendous support
19 from the entire HR community, and I think that they believe,
20 rightly so, that whatever we have done is a result of their
21 very hard work and very good work.

22 So what happened is that after much discussion and
23 work groups, toward September two major ideas crystallized
24 out of the 43 responses and extensive discussion.

25 What happened is a number of responses from the

1 private sector had talked about the idea of shared services
2 delivery. And what does that mean?

3 Well, it turns out that many of the private sector
4 organizations had moved toward the consolidation of much of
5 the transaction work they did in HR. And what they have
6 done is they have either outsourced this consolidation of HR
7 by an interim consolidation into one or a small number of
8 centers.

9 Essentially what the private sector had done is
10 they said to themselves, what is our purpose? What do we
11 do? If we are in the business of building cars, we should
12 be focusing on building the best cars we can build. If we
13 are in the software business, let's focus on creating
14 software.

15 Let's decide and define what is our core mission,
16 our core skills, and outsource the rest. And that's been
17 the motto now in the private sector for a number of years.

18 On, for example, payroll, most private sector
19 firms determine it's important to pay the people, but it's
20 not a core function of our firm. So let's outsource payroll
21 processing. So what most firms do, almost all the firms in
22 the room, I'm sure you've outsourced payroll processing to
23 some commercial firm.

24 And so we have then the concept of moving toward a
25 shared services concept, but what happens with a shared

1 services concept is you dramatically change the role of HR
2 to a new organization. So it's not just saving some money
3 by consolidating the processing, per se.

4 What happens is, you wind up saying that the HR
5 people who are left are going to play a different role.
6 They will play a more strategic role in the sense that we
7 don't want them simply pushing paper. What we want them to
8 do is become true business partners and consultants to our
9 organization.

10 What we want to do is, we want the HR people to
11 help us locate, attract, and convince the best talent there
12 is to join our organization. We want the best people we can
13 possibly get. Attract them, let them join our firm, because
14 we are in a worldwide competition for the talent. And that
15 talent will make us a successful corporation.

16 Let's get those people, number one. If we can
17 hire those people, then in addition to hiring them, let's
18 retain them. Don't have them join us for a year and then
19 leave. You have to retain those people. And then you have
20 to motivate those people. You have to properly define their
21 job skills, what you expect from them in terms of your
22 employment contract. So you wind up dealing with now a
23 talented management, knowledgeable management.

24 So the role of HR shifts from a paper driven
25 transactional one into becoming a true strategic partner for

1 the corporation. And we see, if we look at the surveys made
2 of the private sector, that more and more the HR director is
3 reporting to the CEO. At one time you could always find a
4 CFO reporting to the CEO, but not the HR director.

5 More and more we see the private sector saying
6 that this is a very important function of HR. Our people
7 are the company. We must have the best possible work force
8 because that will make us a more successful firm. And
9 studies have shown--Gallup has made studies of this--that
10 where a company has been effective in their HR process,
11 including talent, management, motivation and all of that,
12 they are the most successful. They can prove in terms of
13 the increased market share of a company, whatever they make
14 or sell, that they are more successful based upon having
15 good HR practices.

16 So having that is one of the seminal things for us
17 to move toward: the idea of shared service delivery and
18 shared service centers. Which is a major change, because
19 that was not formerly the case in the federal sector. The
20 federal sector had not moved in that direction, whereas the
21 private sector had moved in that direction.

22 The second major movement was, let us modernize
23 and improve the HR business process. When I joined the
24 government, I was surprised that there was no document you
25 could look at that explained what the people do in HR in the

1 federal sector.

2 So, in effect, the goal here was to document the
3 work we do in HR and modernize the HR business process. So
4 your two main goals were: one, moving to shared services
5 delivery, and as a consequence, making HR more strategic,
6 and number two, to modernize the HR business process.

7 And let me mention also that if you look at the
8 federal sector, before we started, roughly 60 percent or
9 more of the federal HR people were doing transactional work,
10 paper shuffling, rote work, routine work. The idea was to
11 transform them from that transactional work into strategic
12 partners for the agencies.

13 Now, this ties very, very closely, it turns out,
14 to something else OPM is doing. OPM scores agencies as to
15 how well they're performing with HR. It's part of the PMA
16 and they get scores, red, yellow, green.

17 I suggest you look at the HCF (Human Capital
18 Framework). It's got several boxes. The very first one is
19 strategic alignment, namely, your job is to align HR with
20 what the mission of the agency is. Well, this harkens right
21 back to what the private sectors could do.

22 The HR now aligns as, what is our job as a
23 company, what's our business plan? From there it moves into
24 establishing performance for results, or into the
25 performance culture, namely, let's focus on having people

1 know what their job is, and be able to demonstrate each year
2 that they've accomplished that job. It's really a variation
3 of pay for performance.

4 Then each person, each year, with their manager
5 lays out their vision, goals, objectives, and then they are
6 measured by that. Then follows an increase in pay, a bonus,
7 or whatever, based upon your performance.

8 This HCAAF (Human Capital Assessment and
9 Accountability Framework) also deals with leadership and
10 knowledge management, talent management, which I discussed
11 earlier. So I suggest you look at that. It's available on
12 the OPM website because the idea of HCAAF is to move
13 agencies, again, into having HR in a more strategic role,
14 aligned with the mission of the agency. So it turns out
15 that the HCAAF and the HRLOB are really aligned in terms of
16 what we are trying to accomplish.

17 We had established these two goals, shared
18 services delivery, and modernizing the HR business process.
19 We wanted shared service centers to offer a defined range of
20 what we call core/noncore HR services. We wanted them to
21 follow whatever guidelines were developed by the task force,
22 the HR line of business, and we wanted them to compete;
23 namely, they were to operate with a private sector mentality
24 whereby they would have to compete for business. If they
25 couldn't win business, they would go out of business.

1 So the model here is, they are in a private sector
2 context and if you can't compete, you won't be around. So
3 the idea was, they would have to get customers and keep them
4 happy. It will be survival of the most efficient shared
5 service centers.

6 So that took us through September of 2004. We
7 delivered the business case to OMB in September and said,
8 here is the business case. Here are the two main thrusts we
9 have for the shared service delivery, and modernizing the HR
10 business process.

11 What happened at that point in time was that OMB
12 put out a call saying, "we have a business case here for HR
13 LoB, and it's calling for shared service centers or
14 providers of services on a fee for service basis. Who would
15 like to volunteer to lead a federal shared service center?"

16 And we also had a stipulation that you had to
17 offer three core services. You had to be able to do
18 personnel action processing, do all the things dealing with
19 the updates of a personnel record, transfers, hiring,
20 promotions, all of that.

21 You had to do benefits managements, all the things
22 that pertain to a person's benefits in the organization,
23 life insurance, health insurance, all of that. And you had
24 to also provide payroll processing.

25 What happened is that OMB got back five proposals

1 or business cases from five federal agencies. OMB went
2 through what is called a due diligence process. They had a
3 fairly extensive list of questions that they wanted to have
4 answered and investigated. And they went through this due
5 diligence from September, 2004 through February of 2005.
6 They decided in February that as far as OMB was concerned,
7 these five centers had the financial stability and the
8 management stability that would qualify them, from an OMB
9 point of view, to be candidates to the HRLOB shared service
10 centers.

11 At that point in time, in February 2005, OMB
12 turned to the HR line of business, to OPM and the task force
13 and said, these firms are okay from a general financial
14 point of view and so on. But we haven't really assessed how
15 well can they offer and deliver HR services. Your job, now,
16 is to bring together these HR professionals and let them
17 really kick the tires and look and say, can they really
18 provide to us in HR what we need to modernize and improve
19 federal HR.

20 So what happened is, we brought together a number
21 of agency people, and these people went through a very long
22 and very vigorous analysis. They asked for supplemental
23 information from these five agencies.

24 And finally what happened, in August of 2005, OPM
25 and OMB jointly announced that these five indeed did meet

1 the criteria to be HR line of business shared service
2 centers.

3 So that becomes the second major point, in August
4 2005, we actually have the establishment of shared service
5 providers that have gone through a rigorous evaluation by
6 OMB and OPM. And again I want to stress the fact that the
7 selection was made by HR professionals. It was made by
8 volunteers from many agencies, both DOD and the civilian
9 sector. In fact, there are some people in the room here who
10 helped in doing that.

11 Of the five that were finally selected, one is the
12 National Finance Center in New Orleans, which is part of the
13 Department of Agriculture. They also are one of the four
14 payroll providers that we have chosen under the e-pay
15 function. As I said, we came down from 26 to four. Well,
16 NFC is one of those four.

17 They also were hit by the terrible hurricane
18 Katrina a year or so ago, and 40 percent or more of their
19 staff lost their homes. The Center was shut down by
20 flooding. And they were in the middle of converting the
21 Coast Guard and TSA-HR. They were able, in spite of the
22 fact their staff was really decimated by the hurricane, in
23 spite of the damage to the infrastructure--they had backup
24 facilities in Philadelphia for processing, and they had
25 backup people facilities in Texas, for a help desk--to

1 continue with processing, and also complete their migrations
2 and their consolidations without a blip. Nobody missed a
3 paycheck. Nobody missed anything. They were able to develop
4 a backup and recovery system that let them operate and keep
5 all of their clients satisfied.

6 The point I'm making here is, we are looking for
7 the same kind of stability and the same kind of ability from
8 the private sector. We're not looking for a center that can
9 only operate when the sun is shining. We're looking for a
10 center that has the proper backup and recovery systems in
11 place.

12 So if something does happen, if they lose power,
13 or they lose this or that at one center, they've got a
14 backup facility to go to.

15 The second SSC is the National Business Center in Denver,
16 which is part of the Interior Department. They offer HR and
17 payroll services. They actually have an integrated HR
18 payroll system. So their clients get both HR and the
19 payroll, they're not split. They have a fairly large
20 customer base.

21 The third one is CPMS, Civilian Personnel
22 Management Services, which is part of DOT. They put a
23 proposal in and they were certified as an HRLOB shared
24 service center. They service mostly the DOD civilian
25 population. They link to another part of the DOD DFS for

1 payroll processing. DFS is the third of the four e-payroll
2 centers. So you have CPMS with HR services linked to DFS
3 for payroll.

4 The fourth of the HRLOB shared service centers is
5 Health and Human Services. They have a modern HR system,
6 and they are linked to DFS for payroll processing. So you
7 have HHS, modern HR, linked to DFS, which is DOD for payroll
8 processing.

9 The last of the five is Treasury Department.
10 Treasury has, again, a modern HR system, HR Connect, and
11 they are linked to NFC for payroll services. So what
12 happens, then, if you are a customer of Treasury, you would
13 be linked to the NFC for payroll processing.

14 So those are your five HRLOB certified shared
15 service centers. I want to mention GSA as a payroll center,
16 the last of the four I mentioned (NFC, NBC, DFS and GSA.)
17 GSA is not an HRLOB shared service center.

18 We've had migrations to our shared services. I
19 mentioned Coast Guard and TSA moved to NFC. Transportation
20 moved to NBC. HUD moved to Treasury. So you are seeing a
21 migration of HR systems into federal shared service centers.

22 We have some really great success stories. HUD
23 has a very good business case showing the numerous benefits
24 they've achieved from moving from an in-house system which
25 wasn't working at all, and was very expensive, into Treasury

1 as a shared service center. They saved money, got more
2 efficient, etc. So there are some really good stories that
3 justify why we are doing this.

4 Now, let's talk about the private sector shared
5 service center RFP. In contrast to the federal centers that
6 have to offer three core services, you only have to offer
7 two core services, which are personnel action processing and
8 benefits management. You don't have to offer compensation
9 management or payroll processing. So the contrast here is
10 you can bid with two and not three of the core services.

11 Now, let me also mention to you that one of the
12 driving forces behind the HRLOB is to move the transactional
13 work, I mean, the heavy grunt processing work like payroll,
14 personnel action processing, benefits. Move this grunt work
15 away from the agencies into these shared service centers.
16 And these core functions are really what we perceive as
17 heavy lifting transactional systems.

18 We also have published the competition framework;
19 namely, how will an agency pick between the federal centers
20 and the private sector. This has been published, and we
21 will have Jeff Koch, who is here from OMB, talk a bit about
22 that.

23 The questions we have gotten so far from the
24 private sector about this RFP deal with the core and non-
25 core. Basically, I think, that the answers to those

1 questions go back to the business reference model, which has
2 been published. And if you look at that, I think it will
3 answer most of your questions that pertain to non-core or
4 core.

5 The bottom line is, we're asking you to bid in two
6 of the core areas, to demonstrate you can do those things.
7 Beyond that, it's up to you. You don't have to propose any
8 non-core at all. But at the same time, I think from a
9 competitive point of view, you probably will be stronger if
10 you're able to offer some of these non-core services.

11 Let me also add that you *must* provide the core.
12 And, in fact, the agencies have been directed by OMB, to use
13 a shared service center for payroll processing, for
14 capitalization management, and personnel action processing.
15 And there is no leeway there. I mean, it's a must. You
16 must.

17 But when you come down to the non-core, agencies
18 have discretion. They can decide HR strategy, for example.
19 They can decide, I will retain that non-core function
20 strictly in my agency. I will not use a shared service
21 center. Or they can say, I will outsource that.

22 I doubt that's a good example, but maybe staff
23 acquisition would be very simple. I can outsource some of
24 my staff acquisition to a shared service center. So you
25 wind up with staff acquisition being split between the

1 agency does some things, the shared service center does some
2 things--evaluation of candidates, all of that. So you wind
3 up with the agency and the SSC splitting the work. Or you
4 can outsource the whole thing to a shared service center.

5 Let me also add that this is not just about IT
6 systems. The underpinning or the infrastructure certainly
7 has a lot of IT. But the SSC's can offer a range of
8 personnel services, consulting, software, anything that
9 pertains to HR. They can offer this as part of being a
10 certified shared service center.

11 So we're not just saying you've only to do core IT
12 processing. Once you are certified, you can offer a wide
13 range of additional professional services as part of this.

14 There were also questions coming in about the
15 award process, the schedule, and the SIN structure. Bob
16 Streeter will talk some more about the GSA schedule and how
17 that works, and what the SIN structure is.

18 We've had some questions coming in on the self-
19 evaluation as part of the response requires the bidders to
20 do a self-evaluation as to whether you meet, partially meet,
21 or do not meet the various core and non-core requirements.
22 I think it's pretty straightforward, but there have been a
23 couple of questions on a self-evaluation. Joe Campbell will
24 talk some more about the self-evaluation.

25 There were some questions on partnering and

1 teaming, and in terms of responding to the RFP. And I'm a
2 little surprised about that because offerors were given a
3 wide range of options as to how they might want to respond.
4 It's really up to you if who you want to bring on board, who
5 your subs are, if you want to also work out some kind of
6 relationship with a federal shared service center. I mean,
7 it's pretty much up to you as to how you want to partner and
8 team in responding to this RFP.

9 The caveat is that there has to be a client
10 contract. I mean, the government requires that there be one
11 firm, one client. So if something goes wrong, the
12 government can look at that one client and say, fix this.
13 So basically, in the teaming area, there is great latitude
14 as far as you are concerned.

15 Let me also say that we have, as much as possible,
16 tried to make this evaluation similar to the federal
17 evaluation. We've asked the same people who looked at the
18 federal centers and chose them to also evaluate the private
19 sector shared service centers. So, in effect, these people
20 know what they were looking for in the federal area. We're
21 asking them to bring that knowledge and experience to also
22 look at the private sector centers.

23 These are agency people who are making this
24 evaluation. And basically, they want to make sure that
25 whoever is selected can really offer reliable, modern

1 systems to the HR community.

2 A key point here, though is, we are not just
3 looking for a piece of software, for you to demonstrate a
4 piece of software. What we are looking for here is for you
5 to demonstrate that you can do personnel action processing,
6 for federal employees. You've got to be able to show that
7 you can do it for the federal work force; and also, that you
8 can do it in a secure environment, robust environment.

9 We're not just looking for a solution. We're
10 looking for the environment and the solution. And we're
11 asking you to demonstrate to our evaluation people here that
12 you've got not just the software, the system solution; but
13 also you've got the environment with the backup, recovery,
14 security, controls, that are required to guarantee that you
15 are a reliable vendor of these particular services.

16 When an agency gives you a contract, they want to
17 be assured they will get a reliable modern service from this
18 private sector SSC.

19 There are four components of the federal
20 enterprise architecture. One is a business model. And it
21 defines the business process. We had a large number of HR
22 professionals from many agencies work all through 2004. In
23 December of 2004, we published for the very first time a
24 business model for the HR line of business. It outlined
25 what we do in HR in the federal sector.

1 And in 2006 we published version two. That
2 version two describes the three core and the 8-9 core areas.
3 And what happened here is, the HR professionals sat down in
4 groups, many, many work groups, actually hundreds of HR
5 professionals in work groups dealing with staff acquisition,
6 whatever it might be.

7 They sat down and they said, "let's write down and
8 describe in a business way what we do. And then let's ask
9 the question, what do we do, and then why do we do it. And
10 then three, how can we do it better."

11 They sat down and laid out performance management,
12 separation, whatever, what we do step by step. And each
13 time they laid out what are the inputs to it, what's the
14 decisional process, and what are the outputs, and the
15 consequences of doing this. And then they said, "let's tie
16 this back to why we do it, whether it be legislation, is it
17 policy, and why? And if there is no reason for us to do it,
18 let's stop doing it."

19 So you have this reality check saying, not just
20 what do we do, but why we do it. It was all verified and
21 tied back to the "why." And then the third part was,
22 looking at best practices, to say, how can we do it better.

23 One HR person told me, "for the first time after
24 you published this business model, when somebody asks me
25 what I do in the federal sector in HR, I can pull this out

1 and hold it up and say, this is what I do. This is my job.
2 For the first time I can show people, this is what we do in
3 HR in the federal sector."

4 So a very key document here is the business model
5 that describes in detail these three core and these non-core
6 areas. That's really a lynchpin of the whole SSC concept.
7 And also, it's not just what we do but why, and how can you
8 do it better.

9 We also published in 2006 a data model, version
10 one. This deals with what information do we need to do the
11 business process. And again, this is a first. This was
12 never published in HR in the federal sector.

13 So now you have not just the business process, but
14 the data elements, the fields, the characters that we need
15 that pertain to HR in the federal sector.

16 So we published in 2006 for the first time a data
17 model which talks about logical design or a logical model,
18 all the data that's required to perform HR in the federal
19 sector.

20 We also published in 2006 the performance model,
21 again, going out to the private sector. And much of this
22 was looking at best practices in the private sector. We've
23 actually had work done from our HR-LoB task force doing
24 surveys out there looking at the private sector and also the
25 State government audit looking at best practices.

1 And from this the performance model gives us
2 criteria with which to measure how well we are doing in HR,
3 but also as a shared service center. In terms of error
4 rates, customer satisfaction, timely processing. So you
5 have now guidelines moving more and more to metrics. We can
6 measure ourselves as to how well we are doing. Also, we can
7 measure whether we are we getting the right level of service
8 from a shared service center.

9 This performance model can be used by an agency
10 when they negotiate a service level agreement with a service
11 center, either private or federal. They can use these
12 metrics as part of their contract with that service center.
13 So now we have the PM, the data model, and also the business
14 model.

15 We also have just published--it's available under
16 the HR-LLB on the OPM website--a service component model.
17 This is the fourth piece of the federal enterprise mark.
18 This looks at the service domains and service components of
19 delivering the service: things like CRM, customer resource
20 management, payroll processing. It also outlines the
21 concept of shared services delivery.

22 What you typically find, and I'm now looking at
23 the private sector as the model here, in a shared services
24 framework is different delivery mode or models. You've got
25 four level or modes. First, level one, moving toward more

1 employee self-service. Level one is direct access where a
2 person in an organization would be able to go to a website,
3 for example, and have all kinds of information that would
4 answer their payroll or HR or personnel questions.

5 Level two is a call center. If you can't find what
6 you want on a website, you call this number and talk to
7 somebody. You'll find that almost all questions are
8 answered by level one or level two. But assuming they are
9 not, you go to level three: a subject matter expert who
10 knows a lot more about this particular area. And then
11 finally, a very small number of questions will go to a level
12 four: decision maker, a guru, if you will, about that
13 particular HR or personnel question.

14 So this four-tiered architecture is something very
15 common and documented in the private sector. And that's the
16 model we're following in the federal sector. And that's
17 documented in the service department model, which is now
18 posted on the OPM website.

19 But the point I want to make to you is that
20 they're moving toward more employee self-service, and
21 they're moving toward a transformation of the HR workforce
22 in the federal sector, for them to become more strategic and
23 more consultative as they move forward.

24 Now, the business model work is rolled up into
25 target requirements for shared service centers. We

1 published in November of 2005, the first document that dealt
2 with the shared service center requirements. And that dealt
3 only with three core areas I mentioned, payroll, personnel
4 action processing and benefits.

5 We published in September 2006 version two, which
6 talks about the core and non-core, but also talks about best
7 practices. It talks about ways to improve offering payroll
8 or self-service delivery. So it's also trying to move the
9 centers to offer more modern, robust solutions as they move
10 forward.

11 So we've published four of the five documents that
12 are part of the federal enterprise architecture. The last
13 one is a technical model which gets down to specific IT
14 types of things in terms of types of service components that
15 you'll use. That's the most IT-related and most technical,
16 and we'll finish that by the end of 2008.

17 So at that point in time, we will have finished
18 all of the five pieces of the FEA. And let me also add that
19 we are very strong leaders in the FEA being fostered or
20 promoted by OMB. Dick Burk is the lead person over there.

21 We are very strong believers in the FEA. We've
22 seen tremendous benefit from it. For example, we just
23 developed specifications for an entry-on duty system. It
24 really gave us a jump start into very intelligently working
25 with a new area, the entry on duty system. We can put out

1 specifications to the private sector for bid, or request
2 information on what is available that meets these
3 requirements.

4 So we are very much attuned to, and we are very
5 much supportive of the FEA, which will have an ever-greater
6 role.

7 I want to also add that there is something called
8 a federal transition framework, the FTF. This is also run
9 by OMB, or managed by OMB. And in effect, in September of
10 2006, we gave OMB all the work that we have done in the FEA.
11 And what happens, that becomes part of the federal
12 transition framework. And OMB is asking agencies, in this
13 case HR, how they plan to follow these standards and evolve
14 into this model.

15 Agencies going forward must follow the HRLOB
16 standards and guidelines and document their conformance.
17 The same thing applies to the other lines of business,
18 financial matters, etc. So this has gone now from just
19 HRLOB to becoming the federal standard as to how agencies
20 will be scored on adherence to the HRLOB guidelines and
21 standards.

22 One of the objectives of this procurement is that
23 we want to establish viable and robust private sector shared
24 service centers that can compete with the federal shared
25 service centers. And there is no idea that we're going to

1 pick three, four, five. There is no constraint as to how
2 many will be selected as shared service centers.

3 When you become a center, you can offer a broad
4 range of services, professional services, IT, whatever you
5 are awarded, to the entire HR community, both DOD and
6 civilian.

7 We want these centers to adhere to what we put
8 forth as core and non-core solutions. We have established
9 the standards, and these are the criteria that we want you
10 to follow.

11 We're looking for the centers to be modern,
12 secure, and reliable operations. We're looking for not just
13 a solution, but the environment. We want stability and
14 reliability. And also we want these centers to be moving
15 towards more modern solutions.

16 And, you know, as technology changes, we want
17 these centers to be looking at the newer technologies, the
18 newer solutions, and incorporating them in their solutions
19 and offerings to the federal HR community.

20 And finally, what we're looking for out of all of
21 this is the bottom line: that federal HR will move from the
22 role it's had, into the private sector mode or model where
23 the HR community becomes more strategic, that the HR
24 professionals move forward now into a new role, leaving
25 behind the transactional world and becoming true business

1 partners for the heads of agencies. Thank you very much.
2 Joe.

3 MR. CAMPBELL: Thank you, Norm. Jeff Koch will
4 now provide us an update on this business, HRLOB
5 competition. Jeff.

6 MR. KOCH: Thanks, Joe. I'll take a moment and I
7 want to go through a couple things, talk about what OMB has
8 done with the various lines of business initiatives. I want
9 to talk about the competition framework memo that has now
10 been issued--there was a link that was posted to FedBizOpps.
11 I'll talk a little bit about the shared vision that Norm
12 and I have for where HR and HR systems will be going in the
13 federal government.

14 I'll start with thanks very much to GSA. Bob
15 Streeter and his team have worked hard on putting together
16 what I think is an excellent procurement, and have brought a
17 sense of real professionalism, and brought their strengths
18 in contracting expertise to this effort.

19 Norm Enger, Joe Campbell, and the entire team from
20 the HR line of business have brought their skills and
21 balance in understanding the world of the HR professional,
22 and in understanding how these systems work, as Norm said,
23 to get our HR professionals out of being transaction
24 processors and allow them to instead focus on being
25 strategic thinkers and solution providers for their agency.

1 And particularly, the members of the HRLOB, what
2 we call the MAESC, because it's the senior board that
3 oversees the HRLOB, have done exemplary work as Norm said,
4 developing the enterprise architecture, the systems. And I
5 want to take just a moment to talk about that.

6 The enterprise architecture, the BRM that you've
7 been pointed to out on the website there, standardizes the
8 processes for these HR transactions. So three years ago we
9 had 26 large agencies with 26 different ways of hiring a
10 person or giving a promotion or of granting an award or
11 separating people, or giving a step increase or transferring
12 between agencies. The group documented these processes.

13 And after they came up with all the processes,
14 they said, "well, can you live with this one?" And people
15 would look at that and say, "that's not the way we hire
16 people." And we would say, "no, no, that's not what we
17 said. Can you live with this? Can you adopt this process?"
18 And everyone said, "oh yeah, yeah, we could do that."

19 And by going through and grinding through these
20 processes one at a time, we now have one agreed upon unified
21 set of processes to implement in these IT systems. We've
22 effectively got the entire federal government -- everybody
23 has agreed that they can wear a size nine and a half shoe.
24 And you can be a red shoe, you can be a black shoe, you can
25 be any type of shoe, but we've got one size.

1 And the key there, is that you can implement these
2 IT systems. You can build an IT HR system. And I can take
3 a customer or agency and I can say, "you can pick any of
4 these, because they all fit you, because you've already
5 agreed that they do." So we've taken away this decision
6 making. We've taken away the configuration of how, what is
7 this process. You can build it. And anybody can move into
8 these solutions.

9 So that long grind of work that Norm and Joe and
10 the entire MAESC have gone through is now going to pay off
11 in that you can build one system, and nobody has to ask,
12 "will this system work for me?" because they've already
13 agreed that it will.

14 The other lines of business: just a quick word
15 about them. The OMB's work with the IT initiatives under
16 the e-gov office and the leadership of administrator Karen
17 Evans, has been to consolidate systems, in order to bring
18 agencies and citizens better service at lower cost, and to
19 allow agencies to get out of the business of building some
20 of these systems, so that they can concentrate on core
21 mission.

22 As Norm said, part of the goal here is to allow
23 our HR professionals to become HR professionals, not to be
24 system integrators.

25 A number of these were citizen facing systems.

1 And if you've been out and looked at govbenefits.gov, it
2 brought all government benefits to one website. So when a
3 citizen is looking for information on benefits, they don't
4 have to go to agriculture for food stamps, and SSA for
5 income support, and HHS for health matters. All benefits
6 are on one site.

7 And so we did that on things like
8 www.govbenefits.gov, www.govloans.gov, www.recreation.gov.
9 Right now on Recreation One Stop, if you want to make a
10 reservation at a national park or at a United States Corp of
11 Engineer camping area, or at a national forest, those are
12 all on one website to give service to citizens. So that was
13 one realm that we did.

14 We are interested in internal efficiency and
15 effectiveness. We've been talking about human resources
16 management. We have a very similar process for financial
17 management where we've told agencies, "there's no sense in
18 everybody building an accounting system. Let's come up with
19 a couple of centers that are specialized, that offer high-
20 quality service, and you move onto those processes, and you
21 move onto those systems, and you don't have to build your
22 own."

23 E-travel is very similar to this. E-travel is all
24 about private sector. We've selected three vendors. Those
25 three vendors built end-to-end travel systems, and actually

1 built them on their own nickel. And then agencies move on
2 there and they pay per transaction after they are on the
3 system. So it's a wholly owned by the private sector. We
4 specified the functionality, they built the systems.

5 Federal agencies now are moving onto those systems
6 and closing down whatever they had internally. Some had IT
7 systems. Some were still on paper. So e-travel is another
8 solution.

9 Norm talked about payroll. It's been tremendously
10 successful. Integrated acquisition environment offers
11 shared procurement tools. USA Jobs is one website for all
12 federal jobs.

13 Let me take a moment to talk about the competition
14 framework. There was a new posting yesterday or the day
15 before where we gave a link to the competition framework
16 memo. It's entitled, "Competition Framework for Human
17 Resources Management Line of Business.

18 I would point out to you regarding the memo, that
19 there's a cover memo signed out by Clay Johnson, the deputy
20 director of management, to the members of the PMC, which is
21 to say, the deputy secretaries of the agencies, instructing
22 them that this is the way we are going to do business.

23 So that means that people are going to pay
24 attention to this memorandum. This will be the way agencies
25 procure these systems in the future. I don't want to read

1 this to you, but I'm going to go through a couple of high
2 points on it with you.

3 The guidance is guidance to agencies. It's not
4 guidance to you. But you should be able to read this and
5 understand how agencies are going to interact with you.
6 Okay. We don't issue regulations without comment, so this
7 is solely guidance to agencies.

8 It's the process that they are going to use to
9 select these solutions, and it outlines a little bit about
10 what Norm said that in 2004 we decided, we and agencies, I
11 should say, decided that agencies should not build these
12 systems themselves.

13 And if you think back to 2004, there were a number
14 of stories in the newspaper about agencies who had had very
15 extensive implementation or in some cases, failures to
16 implement their HR IT systems. The goal here is to avoid a
17 repeat of some of those.

18 The systems were being stood up for large sums of
19 money. Sometimes when they were stood up, they didn't work,
20 or didn't work well, and kept having to be repaired. And we
21 looked at them, and as Norm said, there is no strategic
22 value to deciding how to implement your HR system,
23 especially now that we already have our business processes
24 decided upon.

25 I mean, if there was anything strategic, it was

1 deciding how you were going to hire people, once you decided
2 on that. Building a computer does not bring strategic
3 value.

4 We're looking for a complete solution for
5 agencies. It used to be that, before this online business,
6 if you bought an HR system, usually they weren't complete HR
7 systems. They would be a kit you could build an HR system
8 from it. And I'm thinking of one product in particular that
9 was difficult.

10 It was analogous to going out and buying a house.
11 You go to move into your house and there would be a lot and
12 there would be a stack of lumber there. And it was like,
13 well, "there's your house." "That's not a house. That's a
14 stack of lumber." "Yes, but you can build one from that."

15 So what we are looking for is a furnished
16 apartment that agencies can move into. They don't have to
17 build anything. They don't have to decide how high to make
18 the counter tops. They don't have to decide, do I use 110
19 or 220 volts. They don't have to do plumbing. Maybe they
20 pick out the curtains. That's what we want.

21 We want a solution that is done, finished, ready
22 to move in, because these people don't have time to build a
23 house. They don't have time to go out and pick out
24 furniture. They don't have time to furnish an apartment.
25 They've got work to do.

1 They want to move into the apartment. They want
2 get up tomorrow morning and they want to go to work. And
3 that's what I want you to provide, a furnished apartment
4 that they can move into, so that they can get to work being
5 strategic on human resources.

6 We use terms in this memo about migrating to a
7 solution, which is what we think about agencies that are
8 going to migrate on the solutions. We are going to use
9 public and private shared service centers.

10 And there is a line in here concerning a limited
11 exception, and we do intend that to be a very limited
12 exception. Agencies are going to, should do,
13 public/private, using the public and private SSCs that Norm
14 talked about.

15 The memo talks about how you do the competitive
16 selection. We are going to use solutions with demonstrated
17 capability, transparency in the selection process, and
18 holding shared service centers accountable. And I know we
19 are going to have models for service level agreements and
20 stuff, at least for the federal centers. Of course, you're
21 commercial contractors. You will have terms and conditions
22 that you will offer to your customers.

23 There is a caveat in here. We are talking in here
24 primarily about the IT systems that underline these
25 functions, the IT hosting maintenance building of these

1 systems. We are anticipating that in most, if not all
2 cases, there be fewer than 10 federal FTE displaced, if an
3 agency moves off an in-house solution and goes to a
4 commercial solution; that is to say, when they transition
5 out.

6 The reason for that, is that this does not create
7 a direct conversion for federal FTE. OMB Circular A-76
8 governs generally how competitive sourcing should be done.
9 And we tell agencies if they anticipate that the work could
10 impact more than 10 federal FTE, they need to talk to OMB.
11 And the reason for that, that's not a knock on anyone here,
12 there is a provision that was written into the
13 appropriations law, that outlines if there is going to be a
14 competition involving more than 10 FTE, then there are fixed
15 rules that we need to go by to allow fair competition by the
16 federal employees.

17 I do not anticipate that will be the case on any
18 of these migrations that we are talking about, because the
19 systems that are in place are supported by contractor staff.

20 But we want to point out that we are not making any kind of
21 a shortcut in the system that we use for competitive
22 sourcing.

23 So don't read more into that than is here, but we
24 are saying, this is not, you know, if an agency wants to do,
25 you know, Norm mentioned, you know, they might want to do

1 transaction processing. If they get into a different
2 situation that does potentially impact more than 10, they
3 will meet here and talk with us.

4 With that, I think I've actually said everything.
5 I thought I was going to say more, but with Norm up here, I
6 think he's gone through and said most of what I was
7 interested in.

8 We do intend that the schedule provides a clean
9 path for agencies to get to proven solutions. We do
10 anticipate that our guidance through this memorandum will
11 facilitate agencies doing this migration. This is intended
12 to make it easier for them, and it's intended to make it
13 easier for you, because you should now be familiar with
14 Norm's business reference model, that clearly sets forth the
15 processes that we expect.

16 This should make it, I anticipate, easier for the
17 vendor community as well, because I think you'll agree,
18 sometimes the hardest part of standing up these IT solutions
19 is in capturing the requirements and getting the customer to
20 understand what it is you are building for them. So now,
21 hopefully, we can overcome that, where you have a clear set
22 of requirements and expectations. The customer community,
23 likewise, has a clear understanding of what they are going
24 to be buying, and will understand that that system will meet
25 their needs.

1 So we are, as I said, simplifying, facilitating
2 those migrations and procurement activities. Good luck to
3 everybody.

4 As I say, this, I anticipate, will be the process
5 and the tool by which agencies will be procuring these
6 systems. As I say, this was signed out at a very high
7 level, both by director Springer and by the deputy director
8 of management, Clay Johnson. So agencies and agency
9 executives will look to this as definitive guidance.

10 I think the procurement, the schedule process
11 here, offers agencies a simple or straightforward way of
12 procuring these systems. And likewise, I think it offers
13 you a very clear way of offering the systems that you do.

14 So, I think we'll look at this vehicle years from
15 now and we'll say, "wow, that was a great idea!" Thanks
16 everybody for coming out.

17 MR. CAMPBELL: Thank you, Jeff. Bob Streeter will
18 now give us additional information on the RFP and the
19 section process.

20 MR. STREETER: Yes, I'm going to rush through this
21 a bit, because I want to leave some time for the question
22 process at the end of our meeting. And I know, too, if I
23 happen to skip some of the important matters, they are that
24 much more likely to appear as questions that we can answer
25 in that format.

1 I want to re-emphasize, it's pretty obviously on
2 the face of it that this solicitation is: it's a multiple-
3 award schedule. And I think as was mentioned earlier, we
4 don't have a target number of awards. You know, there could
5 be three, five, ten, the more the merrier. I think the
6 fear, always, in MAS is that you won't have enough awards.
7 You want to have a good pool of competition for agencies to
8 draw from.

9 There is a difference with this solicitation.
10 Essentially, we have very well-defined requirements,
11 including a lot of technical detail. That's not always the
12 norm, though it's not unknown in MAS. I mean, on this very
13 same schedule, we have EEO services as a long time component
14 of it. And certainly, the EEOC has plenty of rules and
15 regulations that govern the performance of that SIN.

16 So I think that we thought that the HRLOB SINs do
17 appropriately fit on a multiple award schedule. It's
18 similar. Another schedule we have in our center, the
19 training schedule, currently has 1102 training for contract
20 specialists. That used to be done as an independent
21 multiple task order contract with special requirements
22 involving certification by the American Council of
23 Education, and then a later involved the granting of Defense
24 Acquisition University equivalency. But we were able to
25 successfully move that into the multiple award schedule

1 arena after the initial contract period.

2 But I think having the distinctions on the four
3 SINS now that we have on the schedule, made it a little
4 complicated in assembling the document. I'm sure you've
5 noted this in going through it. It takes a little thought.
6 We tried to draw clear distinctions between the old and new
7 SINS. Plus, we made the self-evaluation a separate document
8 in the solicitation. We wanted to at least reduce the
9 chances of someone offering say, EEO investigations,
10 thinking that they had to fill out that document.

11 The goal when the process is over is clear: we
12 want a field of contractors who can meaningfully participate
13 in the competition framework. It's at the task order level
14 that the rubber really meets the road.

15 I think in our responses here, and in our further
16 published responses to questions, we will look at allocating
17 steps of the process to either the task order, or the basic
18 MAS level. We've had some suggestions that certain elements
19 of the procurement really make more sense at the task order
20 level. I'm sure we'll see some adjustments on that.

21 I want to speak quickly of the stages of the
22 evaluation. As always, the proposals will come into our
23 office in New York. We'll have an initial screening. I'm
24 sure we'll find some proposals that we'll quickly see, hey,
25 this isn't really HR they are offering--they are offering us

1 MOBIS, or we're being offered publications. That happens.
2 So the field will be narrowed a bit at that time.

3 However, after that initial screening, that's when
4 our technical evaluation panel will come into play,
5 reviewing the remaining proposals. They will also have the
6 assistance of some subject matter experts who will not
7 officially be members of that team, particularly in areas
8 such as security they will be able to provide some excellent
9 guidance.

10 Those proposals, as you are well aware, are going
11 to be lengthy proposals. They are going to be substantial
12 documents, and certainly, I think, all summer vacations are
13 cancelled for members of the technical evaluation panel.

14 After those evaluations and written proposals,
15 we'll identify areas for clarification; then offers will be
16 evaluated for appropriateness to go on to the next stage:
17 the very important operational capability demonstrations. I
18 think Joe's going to speak briefly on that.

19 Upon completion of the OCDs--with two aspects of
20 operational capability, the functional and technical--the
21 panel will make a technical finding which they will pass
22 along to the GSA contracting officer, who will review the
23 whole offer and review these findings and recommendations
24 and will decide, make the award/non-award decisions. Awards
25 and, no doubt, some debriefings will follow that stage.

1 I'd just like to mention that as the result of the
2 Q and A process and our internal discussions, some
3 amendments to the solicitation will be required. It's our
4 intent at the end of the Q and A process to make those
5 necessary adjustments to the solicitation. But you will see
6 advance notice in the responses as they are published that
7 this will be occurring. And I think I'll save the rest for
8 questions. Joe.

9 MR. CAMPBELL: Thank you, Bob. Like, Bob, I will
10 also keep my remarks brief so we can move onto the question
11 and answer session.

12 As Norm mentioned earlier, we are going to be
13 doing a self-evaluation process and operational capability
14 demonstration. So as a part of your proposals, you are
15 requested to submit a self-evaluation of target
16 requirements. These are broken between the core and non-
17 core services, and provide you an opportunity to self-
18 evaluate your capabilities against the requirement.

19 At the bottom of each template you will be given a
20 space to provide a narrative of what those services are
21 really all about. For the core requirements marked shared
22 service center, you will need to indicate whether you meet
23 the requirement, partially meet the requirement, or do not
24 meet the requirement.

25 For those that are marked partially met, you will

1 need to indicate what can and cannot be met. And for those
2 requirements marked not met, you will need to indicate when
3 the date you expect to meet them. Those mandatory
4 requirements that are not met must be remediated by the next
5 open season, or approximately one year from award.

6 Your overall responses to the core requirements,
7 as Bob said, will be part of the evaluation of your
8 proposals. You'll also use this same template to self-
9 evaluate your capabilities for the non-core requirements.

10 Norm alluded to this. I'd like to reiterate
11 again, for non-core requirements that can be provided by a
12 shared service center, by an agency, or by some combination,
13 they like the core requirements: you indicate whether you
14 meet them, partially meet them, or do not meet them.

15 If you intend to deliver core and non-core
16 services, we will need to remediate all of that partially
17 met and not met at the time that you actually do begin to
18 provide the services.

19 As I mentioned, there is an opportunity for you to
20 include a description of your services. We strongly
21 encourage you to really describe that well, because we are
22 going to put these self-evaluation templates into the
23 migration planning guidance. Yours will be accompanied by
24 the self-evaluation templates for the federal shared service
25 centers as well.

1 So agencies will be able to go to the migration
2 planning guidance document and they will be able to see what
3 your offerings are and what you need and what you don't
4 need.

5 As Norm also mentioned, we intend to conduct
6 operational capability demonstrations. The demonstrations
7 will be both functional and technical in nature. We will be
8 providing you with an operational capability demonstration
9 document that will go into great detail how we are going to
10 conduct the demonstrations themselves. We intend to
11 distribute these instructions approximately one month
12 following the receipt of the proposals.

13 For the functional operational capability
14 demonstrations, we will be providing you with data to
15 populate your systems as well as test scripts that we will
16 actually want to observe during the demonstrations
17 themselves.

18 We will be asking you to perform certain
19 preoperational capability demonstration activities, as part
20 of the setup of the data. And then some things we will want
21 you to do before the OCDs, as well as to perform the test
22 scripts while we are actually conducting the demonstration.

23 The schedule for each operational capability
24 demonstration will be determined by lottery, and you will be
25 contacted approximately three to four weeks after the

1 proposal due date to schedule the operational capability
2 demonstrations. So you will be getting more information.
3 This is a very high level description in part of what the
4 operational capabilities demonstrate. You will see there
5 will be a great deal of detail involved and we will provide
6 you the opportunity to take a look at that.

7 Now we're going to move into the break. Again, as
8 a reminder, your access is limited to the ground floor only.
9 You are free to move between the auditorium here, the
10 cafeteria, and the rest rooms. The cafeteria is open if you
11 would like to go in and have coffee or some sort of
12 refreshments.

13 If you leave the building, kindly go through the
14 doors immediately adjacent to the auditorium. Enter back
15 through those doors. And you're requested to be back in
16 your seats by 11:10. We provide you with a half-hour break,
17 so be back by 11:10. And we do have a hard stop at 11:30.
18 So thank you.

19 (Whereupon, at 10:37 a.m., a brief recess was
20 taken.)

21 MR. CAMPBELL: Please be seated. We'd like to go
22 ahead and get started with the question and answer period.
23 Welcome back and thank you for all the questions that we
24 received during the break. We've taken a look at them. We
25 can answer some of them during the time that's remaining,

1 but please be assured that all of your questions will be
2 answered and they will be posted to fed bus ops shortly.

3 I'm now going to introduce Liz Mountanier, who is
4 the director of administration and finance in the human
5 resources line of business. Liz will moderate this session.
6 Liz.

7 MS. MOUNTANIER: Thank you, Joe. What I'm going
8 to do is I'll just read out each question, and then I will
9 ask the appropriate person on our panel to answer the
10 question.

11 The first question is, "are any members of the
12 evaluation panel currently employed by an agency or
13 department that has a designated public sector SSC? If yes,
14 how will GSA eliminate the inherent organizational conflict
15 of interest associated with this?" I think that's a
16 question OPM should answer. Joe.

17 MR. CAMPBELL: The technical evaluation panel does
18 not have anybody from either federal shared service centers.
19 All of the representation is made up from independent
20 agencies.

21 MS. MOUNTANIER: Thank you. Next question: "Do
22 agencies who utilize public sector SSC's have existing
23 service level agreements? If so, are these service level
24 agreements publically available or if not can they be made
25 publically available?" Joe.

1 MR. CAMPBELL: Agencies do have service level
2 agreements placed with their service center providers, but
3 you would have to contact the shared service centers
4 directly to have them made available. OPM does not have
5 those and would not be able to make them available.

6 MS. MOUNTANIER: Okay. "My company currently
7 holds GSA schedule 738X with several active orders. We
8 intend to submit a proposal for SINS 595-22 and 595-26.
9 Must we provide another DNB, Dunn and Bradstreet, open
10 rating submission?" Bob?

11 MR. STREETER: My gut reaction to that would be
12 no, but we'll also, we'll ponder that a little bit more back
13 in the office, and that will be a posted response.

14 MS. MOUNTANIER: Thanks. "Is an extension of the
15 RFP due date being considered? Has an extension been
16 requested by anyone?" Bob?

17 MR. STREETER: Yes, there has been some interest
18 expressed in an extension. As you know, we did push back
19 the initial July 5th date to July the 12th. I would ask
20 anyone who urgently feels the need for additional time not
21 only to come to us with a request and a specific date, but
22 to provide some details. 'It needs to be this date because,
23 we've got to do A. B and C.' Perhaps our response would be
24 'you don't need to do C at this time' and a shorter
25 extension would be appropriate. But we'll have that

1 discussion and that would be helpful.

2 MS. MOUNTANIER: "Similar to the private sector
3 SSC's, will the government continue to compete and add
4 future public sector SSC's beyond the five originally
5 awarded, or does the government envision reducing the number
6 of public SSC's over time?" Norm.

7 MR. ENGER: Yes. The model we have here is
8 that --

9 AUDIENCE: We can't hear.

10 MR. ENGER: The model that we have is that the
11 federal SSC's have got to operate in a competitive mode,
12 namely, the SSC's that can't get customers, retain their
13 customers, will go out of business, basically. So in
14 effect, the model we have here is truly a private sector
15 model whereby the federal SSC's and the private are in
16 direct competition.

17 And I think in that process you will see the ones
18 that offer the best service and the best rates eventually
19 will get more and more business. And those that can't do
20 that will eventually get out of the business.

21 With respect to the question about, "will there be
22 more public SSC's?" there is no prohibition for an agency
23 to submit a business case to OMB to be a federal SSC. Just
24 like we have an open season with this private sector
25 contract, the open season is on an annual basis. Companies

1 can come in and offer to be additional private sector SSC's.

2 In that same mode, federal agencies could choose,
3 if they wanted to submit a business case to OMB, to become
4 additional federal SSC's.

5 MS. MOUNTANIER: Okay, thank you, Norm. "Will OPM
6 publish the HRLOB business case from September 2004 in order
7 to provide bidders with better understanding of market
8 potential, especially for payroll services?" Joe?

9 MR. CAMPBELL: We will be able to provide a copy
10 of the redacted 2004 business case, and we can make that
11 available on fed bus ops.

12 MS. MOUNTANIER: It actually covers fiscal year
13 '06.

14 MR. CAMPBELL: Right.

15 MS. MOUNTANIER: "Under the multiple award
16 schedule, will there be a future RFP response period after
17 the 7/5 deadline?" Bob.

18 MR. STREETER: Well, yes, I think that is spelled
19 out in the solicitation. Initially, there will be an annual
20 open season. Beyond that, we'll need to look at what the
21 appropriate span of time will be for new proposals.

22 MS. MOUNTANIER: "I am considering offering some
23 or all of the non-core functions. Can you describe whether
24 the government is looking for automated solutions, back
25 office services provided in person, or some combination of

1 the two?" Joe.

2 MR. CAMPBELL: As I mentioned earlier, non-core
3 requirements can be provided by an agency, a shared service
4 center or a combination thereof. And the determination of
5 the exact service will be determined by the agency when they
6 actually migrate to the shared service center. But the
7 private sector is encouraged to describe your approach fully
8 in your proposal so that when we publish the results of
9 self-evaluation in the migration planning guidance, agencies
10 will be able to know what it is you are actually offering.

11 MS. MOUNTANIER: "Instructions for the self-
12 evaluation tool state, quote, any deficiencies must be
13 remediated by the end of the get well period, the issuance
14 date for the next open season. Are vendors required to
15 remediate partially meets and does not meet responses for
16 both mandatory and non-mandatory requirements in the same
17 time frame?" Joe.

18 MR. CAMPBELL: Vendors are expected to meet all
19 mandatory requirements and the core set functions by the end
20 of the get well period or the open season as you were
21 referring to it. If you choose to offer the non-core
22 services, you must meet all of the mandatory requirements at
23 the time you begin to offer that service.

24 MS. MOUNTANIER: "Please provide clarification
25 regarding the specific evaluation criteria and rating

1 factors that the government will use to determine where an
2 offerer's solution is technically acceptable? What is the
3 evaluation point scale and the relative weighting of the
4 technical evaluation factors? Is there an established
5 minimum rating threshold that the government will use to
6 determine technical acceptability?" Bob.

7 MR. STREETER: Good question. I reiterate, again,
8 we're in a multiple award schedule scenario. We're not in a
9 formal source selection. And again, no set number of awards
10 is being aimed at.

11 Clearly, an offerer who meets standard MAS
12 criteria, offers MFC pricing and meets 100 percent of the
13 requirements fully, will be awarded. But as observed
14 earlier, perfection is not required as indicated by the get
15 well period that applies. The goal, at the end of the day,
16 is to have a pool of qualified contractors whose existence
17 will meaningfully simplify the process for agencies using
18 the competition framework.

19 Really, contractors will be evaluated not only on
20 the self-evaluations, but how the self-evaluations are
21 substantiated by the OCD's through comparison with the
22 current public SSC's.

23 MS. MOUNTANIER: Thank you. "Will all federal
24 agencies be required to use the core SSC to obtain non-core
25 services?" It's another one for you, Bob.

1 MR. STREETER: It sounds like something happened
2 there. They certainly won't be required to use core for
3 non-core. They use non-core for non-core. But I think
4 what's being aimed at is how the new non-core SIN fits in
5 with the traditional 595-21 SIN. And I think the answer is
6 really 'no', that the 595-21 SIN would remain a viable
7 option for various types of HR work for the federal
8 government.

9 I'm thinking of some regional work in our own
10 Northeastern Caribbean region in New York; an example might
11 be, if you are undergoing a reorganization, you might need
12 some surge capacity in classification and position
13 description, something like that. That would seem to be a
14 natural task for 595-21.

15 And I think, too, if you did a reorganization, you
16 might need a surge capacity in labor relations. So I think
17 this procurement doesn't diminish or eliminate the value of
18 the 595-21 SIN.

19 MS. MOUNTANIER: Another one for GSA. "Is GSA
20 willing to entertain decoupling software in shared service
21 centers, of the shared services, excuse me, from
22 implementation services? The proposal would include a
23 separate HR schedule for implementation services in
24 combination with schedule 70 for software and shared
25 services."

1 MR. STREETER: I think the answer would be no,
2 that MAS 70, would not be an appropriate vehicle for the
3 task, as the competition framework specifically designates
4 738 part X contracts as the source of the commercial
5 component of the competition.

6 MS. MOUNTANIER: "Do the qualifications of the sub
7 flow through to the prime? That is, can the prime assume
8 the clauses and references of the sub?" Bob?

9 MR. STREETER: I think I might have redacted the
10 question as I was making some notes, because I also add the
11 further question--which I think has come up in other
12 contexts--"what is a major sub?"

13 Qualifications of both prime and major subs
14 certainly will be evaluated. There is difficulty at the MAS
15 stage, and again, this is the MAS/task order thing, of
16 defining a major sub. I think sometimes a task order will
17 speak in terms of specific percentages. It's very hard to
18 do that at this point in the process.

19 I would simply advise offerers that if you are in
20 doubt in a particular case, to consider the sub as major and
21 provide the information. .

22 MS. MOUNTANIER: "Can the reseller or the value
23 added reseller bid on this opportunity?" Bob.

24 MR. STREETER: Yes, I don't see why not. But
25 again, all the requirements in the solicitation would apply.

1 MS. MOUNTANIER: "What is the estimated award
2 date?"

3 MR. STREETER: Another tough one. Estimating, if
4 everything goes well, (hard to answer, not knowing the
5 number of proposals, or number of OCD's) I would say, early
6 October of 2007.

7 MS. MOUNTANIER: "What happens to schedule 70
8 after the HRLOB award?"

9 MR. STREETER: I hope nothing because that's a
10 pretty important schedule, and a lot of people would be mad
11 if something happened to it. I also want to say that you
12 are all familiar with the concept of overlap, and we've had
13 a lot of discussion in GSA with contractors of what's good
14 overlap, what's bad overlap. Is it better to have a gap
15 than an overlap, etc.?

16 There are even some decisions in connection with
17 protests recognizing that in some instances services or
18 products can be offered on different schedules. So as I
19 stated earlier, for these tasks, 738.X has been identified
20 as the appropriate vehicle. But I don't see that that has a
21 big impact on MAS 70.

22 MS. MOUNTANIER: Thank you. I think we have time
23 for just one more question. "How are new product releases
24 added to the contract after the award of this contract?"
25 Also for you, Bob.

1 MR. STREETER: Assuming that the meaning of "new
2 release" is opposed to "new product", let's take the
3 example, and I hope I'm not duplicating reality in any way
4 with my numbers, version 16.25 is replacing 16.24 for some
5 long existing software. I think that would be added through
6 the normal multiple award schedule modification process.

7 For something that was more of a new product, I
8 think we would want to look at it on a case by case basis,
9 to see just what was involved. And there may be certain
10 types of products where there would be a certification
11 process. But, to go one step further, I'd say, if offering
12 a new product would also mean offering a new function for
13 the core or non-core, that that would be appropriate to
14 occur at the open season.

15 MS. MOUNTANIER: Thank you, Bob. I'm going to ask
16 that Joe Campbell close out the session.

17 MR. CAMPBELL: Thank you, Liz. That concludes our
18 conference today. We'd like to thank you all very much for
19 attending, and ask you to look for the answers to the
20 questions at FedBizOpps. Thank you very much.

21 (Whereupon, at 11:26 a.m., the hearing was
22 concluded.)

23

% Digitally signed by Teresa S. Hinds

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DEPOSITION SERVICES, INC. hereby certifies that
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Teresa S. Hinds

5/19/07